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SUBJECT: PRT NAJAF: CLEAR PROGRESS ON ANTI-CORRUPTION, BUT
ENCOURAGEMENT AND LEADERSHIP STILL NEEDED

Classified By: OPA Director Greta Holtz for reasons 1.4 (b) and (d)

11. (U) This is a Provincial Reconstruction Team (PRT) Najaf reporting cable.

12. (C) SUMMARY. Anti-Corruption Coordinator (ACCO), Embassy rule of law (ROL) officer, and USF-I officer visited Najaf to engage local officials in assessing corruption in Najaf and government's efforts to improve. Candid discussions were held with the Najaf Commission for the Resolution of Real Property Disputes (CRRPD), Najaf Governor Adnan Zurfi, Najaf Local Councilmen (LC), Sheikh Khalid Al-Numani, Najaf Provincial Council (PC) Chair of the Anti-Corruption Committee, Najaf Chief Justice and Najaf Real Estate Registry Office Director. The local press covered ACCO remarks to Kufa University students and faculty about U.S. efforts to support the GOI's anti-corruption campaign. Some provincial officials claimed that corruption was notably reduced, but acknowledged the need for further efforts to halt abuse, including strengthening anti-corruption institutions. Provincial Council members praised USAID-funded anti-corruption projects in Najaf and asked for continuing assistance. ROL officer briefed Iraqi interlocutors on proposed cooperation with the GOI Justice Ministry (MOJ) to upgrade MOJ's Real Estate Registration Offices (RERO). END SUMMARY.

BACKGROUND INFORMATION ON CRRPD

13. (C) On January 24, ACCO, ROL officer, USF-I officer, and PRTOffs met with the director of the Najaf Commission for the Resolution of Real Property Disputes (CRRPD), Bassim Al Ammari. The Commission handles mostly cases of Iraqis whose land was confiscated by the previous regime between between 1968 and 2003, because they were suspected of having ties to Iran or to the opposition. According to Ammari, Najaf has a larger share of settlement money than other provinces because the province in general was opposed to Saddam's. The Najaf office currently has 2,500 open cases: 1,700 of these involve cases of property taken with no compensation to the displaced families. The other 800 cases are an effort to provide additional compensation to owners who dispute the amount of compensation they received from the previous ISCI-led provincial government.

14. (C) Ammari told ACCO that land is very expensive in Najaf, as it is the center of the Shi'a faith in Iraq. One square meter of land near the city's holy shrine costs about 35 million dinars or approximately 30,000 USD. Both the price of land and the large amount of cases mean that Najaf's CRRPD is receiving a large share of the money allocated by the GOI to settle property claims. The payments made to Najafis may end up in the billions of dinars. However, two-thirds of the expected disbursements from the central government remain outstanding. Ammari stated that the CRRPD sent a team to Iran to gather claims, but that to date only 48 cases have been filed from Iran. In 2005 the CRRPD attempted to

establish offices in Iraqi embassies around the world but the proposal was not approved by the Iraqi government. Ammari said that in previous years, the Commission faced problems with Shi'a not wanting to return to Sunni areas to reclaim properties or vice versa; however, this is no longer a problem.

ADMINISTRATIVE PROBLEMS CONTINUE TO PLAGUE CRRPD

¶15. (C) Ammari stated that there are two types of problems the CRRPD faces: administrative and legal. On the administrative side, the CRRPD employs 1600-1700 persons nationally but only 100 of these are full time staff) usually directors and their deputies at the site offices; the remaining employees are part-time, seasonal hires. This leads to a high turnover rate in CRRPD employees, as part-time personnel are often leaving for full-time jobs that have benefits and better career potential. While the government has promised that the CRRPD will be staffed with 900 full-time employees, there has been no progress on this issue. In order to resolve this staffing issue, the law which established the CRRPD in 2006 must be amended to allow permanent employees to be appointed.

Ammari noted that some employees have been killed in the performance of their duties (not in Najaf), and, because they are not full-time employees, their families do not get benefits. He explained that the CRRPD pays the family a 500,000 Dinar death benefit for full-time employees, adding that part-time employees do not get danger pay, health benefits, or other perks. He opined that the motivation of part-time employees is lacking as they do not consider their job a "career" and hence do not take initiatives to improve the CRRPD's operation. He lamented that salaries at CRRPD

are low compared to counterparts at other GOI Commissions, such as the Commission of Integrity and the Independent High Electoral Commission (IHEC). Asked about donor support, Ammari stated that the CRRPD has received some funding from International Organization for Migration (IOM) and complained that support from the GOI was inadequate for the task.

SLOW PACE OF CLAIM SETTLEMENTS

¶16. (C) Ammari bemoaned the lack of judges at the CRRPD's disposal to adjudicate claims, claiming that the Baghdad-based Higher Judicial Council (HJC) would not agree to provide judges to the CRRPD. Therefore, he said that claims are heard by retired judges hired by the CRRPD. Given that there are 45,000 cases pending, he estimated it would take his organization up to 45 years to dispose of all current cases. Ammari called for the GOI to push the HJC to provide dedicated judges to hear the CRRPD's cases; he also called for the GOI to process settlement claim payments faster.

¶17. (C) Al Ammari claimed that "political disagreements" had also hindered the CRRPD's functioning nationwide, observing that the CRRPD's Commission Head, Ahmed Al-Barrak, was at loggerheads with his Inspector General, Aouf Abdel Rahman, as the latter was affiliated with a political party and motivated by partisan concerns while the former was independent. Commission for the Resolution of Real Property Disputes (CRRPD) Ammari maintained that the Inspector General's accusations of impropriety were unfounded, and observed that, in an effort to end the wrangling, the CRRPD's Inspector General was swapped with the Inspector General at the Water Resources Ministry. (COMMENT: Ammari's assertions notwithstanding, ACCO has seen credible reports of Barrak's involvement in corruption. END COMMENT)

LENGTHY APPEALS PROCESS

¶18. (SBU) Al Ammari outlined the lengthy appeals process available to claimants, noting that the value of property is not determined by the CRRPD or a judge, but by experts. If

a citizen disputes the appraised value, he may appeal up to five times. If a party continues to object to the proposed settlement the case goes to a committee made up of a judge, and an attorney and an officer from the Real Estate Registration Office (RERO). If the citizen still is not satisfied the case goes to an Appellate Court in Baghdad for a final decision. Ammari concluded by noting that land disputes should not be settled by "politicians outside of the CRRPD system," and alleged that cases had come to light where the Prime Minister had stopped the CRRPD from processing claims involving properties in the International Zone (IZ).

USAID-FUNDED PROJECTS WELCOME IN NAJAF

19. (SBU) ACCO and delegation met with Babil PRT's locally-engaged governance advisor, Mustafa Thahb, who works closely with the USAID-funded Local Governance Project III (LGP III) and the USAID-funded Tatweer Project (Tatweer) representative Hassanain Hamid. Thahb explained that the LGP program has been working with local government officials and institutions for the past six years to train and foster the principles of good governance, such as competition for government contracts, effective project management and evaluation, transparency, and accountability. The third iteration of the program, LGP III, is targeted specifically at Provincial Councils and Governors and their staffs. Hamid noted that USAID Tatweer Project works in selected strategic Iraqi ministries to facilitate effective implementation of each ministry's annual work plan. In Najaf province, Tatweer has been providing technical assistance, training and capacity building in the anti-corruption area at both the provincial and national level. Tatweer's effort has included, inter alia, a series of provincial and regional roundtables and training sessions. In December 2009, Tatweer held a regional anticorruption roundtable at which representatives from the Babil, Karbala, and Najaf Provincial Councils' Anti-Corruption Committees and others met and agreed to undertake cooperative efforts.

GOVERNOR: LACK OF SKILLS IS THE PROBLEM

10. (SBU) Najaf governor Adnan Zurfi (SLA/Da'wa) told ACCO on January 25 that, while corruption is a problem in Najaf, it is declining and is not as pressing a concern as job creation. Zurfi stated that there are four departments in Najaf that have problems with corruption) passport

services, social services, land registration (RERO), and the traffic police. The governor stressed his support for the legal system in prosecution of corrupt officials, but denied exerting any influence on judges in reaching their verdicts in corruption cases. The governor estimated that 30 percent of Najaf's government employees are involved in one form of corruption or another, but that this number is down since he has come into office. He claimed that the previous ISCI-led provincial administration routinely charged investors 100,000 to 200,000 USD to start a business, 100 to 200 USD to get a passport, and demanded bribe to release or fabricate medical records. Zurfi alleged that Trade Ministry officials were corrupt as well, explaining that when a farmer would come to the market with his yearly crop of rice, the government trade office would tell the farmer the rice was not of good enough quality to be sold at the full market price. The farmer would then be forced to sell his rice for half-price to a business man who would then arrange to sell it at full price and share the resulting ill-gotten profit with the conniving Trade Ministry officials. The governor claimed that he regularly monitors crop prices in order to prevent abuses. However, he concluded, problems of corruption persist, especially among police and other security officers.

11. (C) Governor Zurfi reported that PC members work together to fight corruption and the presence of council members from a variety of political parties acts as a check on corruption as well. These checks and balances have reduced corruption.

Zurfi asserted that the provincial offices of the Commission of Integrity (COI), the Inspector Generals (IG) and the Board of Supreme Audit (BSA) sometimes fail to act on corruption cases as they are afraid of "political retaliation," e.g., that corrupt officials turning to their political parties to shield them from prosecution and lashing out at anti-corruption personnel. He continued that anti-corruption officials are sometimes deterred from referring corruption cases to the courts for fear of losing their jobs) or being killed. At the same time, Zurfi thinks highly of Najaf's Chief Judge, Hamad Al Faroon, describing him as having "a strong moral character." Zurfi noted that the Police and Counterterrorism departments take money from detainees and prisoners. There is a Ministry of Interior Inspector General (IG) present but this type of corruption is so hidden and low-level that the IG wouldn't detect it.

CORRUPTION DEBATE UNLIKELY

¶12. (C) Zurfi complained that ISCI (rival to his own Da'wa party) was circulating allegations of corruption against rival candidates in the March parliamentary election. He claimed they have privately accused PM Maliki of failure to control his corrupt former Minister of Trade, Abdel Falah Al Sudani (who currently awaits trial on corruption charges). However, according to Governor Zurfi, ISCI representatives will not go public with these allegations as part of their platform because this will start a mud-slinging contest, "and they have their own dirt they don't want brought to light." No other parties or candidates have, so far, raised corruption issues in their electioneering efforts. In meetings with Grand Ayatollah Al Sistani, Zurfi said that Sistani routinely asks him to fight corruption.

¶13. (SBU) The delegation's ROL representative briefed Zurfi on the USG project to assist the Justice Ministry in upgrading, through automation, provincial RERO operations. The Governor indicated that such upgrading was necessary, observing that the antiquated land registration system used in Iraq lends itself to corruption. He said Najaf's RERO has started moving to electronic documents and the Governor feels this will reduce corruption. At present, RERO's antiquated system allows for records to be stolen; if records are digital it is easier to find documents and to do an investigation on claims. Currently, the Governor remarked, "if you need a real estate document you have to search through the office records and even then you are unlikely to find it." The governor turned to another corruption problem, asserting that the problem with the passport office is that the business is conducted in Baghdad and that employees there are corrupt. Zurfi stated, "anyone, including former or current militia members, can buy a passport at that office." Zurfi believes that if the passport office was decentralized and moved to the provinces it would be easier to monitor and control the transactions and corruption.

¶14. (SBU) The Governor summed up the problem by stating that Iraq's new political parties and government do not mesh with the old administration and way of doing things -- inherited from Saddam regime -- and that the result is "a lot of political turmoil as well as corruption." During Saddam's time everything was controlled in Baghdad and that system has

remained in place. Currently, if a teacher in Najaf has a problem he or she must go to Baghdad to fix it. The Ministry of Education in Baghdad is chaotic and bribes are required to accomplish anything. Speaking rhetorically, Zurfi asked, "why bother to have education officials in Najaf if all the power and decision making is in Baghdad?" He emphasized that the provincial government needs more power to be able to fight corruption with maximum effectiveness.

DEVELOPING LEADERS SEEN AS THE KEY

¶15. (C) While financial corruption is an issue, the Governor

stated that the bigger problem is that government offices are filled with unqualified workers. He estimated that 70 percent of government workers were not qualified for their positions. Zurfi remarked, "most Directors General (DGs) are used to getting orders and following them) if they get an order they will implement it but they will not take any initiative without an order." Government employees need to be taught how to take initiative and responsibility. He said the lack of competent personnel represents "the major corruption problem," adding that the "other corruption") the people who steal small amounts of money - are the smaller problem. The Governor reiterated that "government officials are in desperate need of training, including in the U.S."

CHAIR OF PC ANTI-CORRUPTION COMMITTEE SEES IMPROVEMENTS

¶16. (C) ACCO and delegation also met with Sheikh Khalid Al-Numani, PC Chair of Anti-corruption Committee, Loay Al Yasiri, PC Chairman of Security, Dr. Mahdi Al Zurfi, PC Chairman of Health and Abdul Khadum Al Shami PC Chairman of Labor and Social Services. Numani stated that the state of Iraq today is a consequence of the past regime. The past regime totally deprived people and when people are required to fight to meet their basic needs they resort to drastic measures to get what they need to survive. He believed that was the mentality necessary to survive in the past and can still be seen today in Iraq. He stated that Iraq is behind much of the rest of the world in terms of combating corruption and suggested that all children, beginning with kindergarten, be taught lessons about corruption, starting with using pictures with the youngest children. In his opinion, USAID is doing an effective job in its training and assistance, including in the anti-corruption area, but emphasized that more is needed. (NOTE: He highlighted an agenda from a recent anti-corruption workshop supported by USAID/Tatweer. END NOTE)

¶17. (SBU) Numani told ACCO that the PC Committee has a weekly meeting with all entities in the province involved in anti-corruption efforts. The purpose of the meeting is to share information and ideas and report back to the entire PC. He claimed that statistics show a decline in corruption in Najaf and attributed this decline to the open communication between the different entities fighting corruption and to a new hotline where citizens can report corruption. Numani said the population of Najaf is small compared to other places, with everyone knowing each other in Najaf's tight-knit community. As a result, he noted, improper behavior is more likely to become widely known and hence many are deterred from such activity. The PC members commented that corruption has also declined in part due to the recent activity by provincial Inspector General offices and the Qimproved security situation. The PC members also observed that, given the religious significance of Najaf, the incidents of corruption that do occur in the area are particularly embarrassing. One opinion was that the electioneering efforts would bring out more corruption. He believed that with the election season, "people will do whatever they have to do to get in and stay in office and will disregard morals." Numani expressed support for the ROL project to automate RERO operations.

KUFA UNIVERSITY ASKS FOR HELP COMBATING CORRUPTION

¶18. (SBU) ACCO and USF-I representative addressed an audience at Najaf's Kufa University that consisted of the faculty, staff and students from different colleges of the University. ACCO discussed USG support for Iraq's anti-corruption efforts and mentioned the resources and tools that are available for the fight against corruption. A lively exchange with the audience ensued, with ACCO taking questions and comments. Most comments related to the need for the GOI to do more to reduce corruption and to improve its performance in providing basic services. Additionally, ACCO gave media interviews and, joined by ROL and USF-I representatives, participated in a roundtable discussion with

Kufa University Vice President Muhsin Al Dhalimi and the Board of Deans.

PERSPECTIVE FROM JUDICIARY

¶19. (SBU) In a meeting with ACCO and delegation, Chief Justice Hamad al-Faroon explained that Najaf 's Court System has four dedicated Investigative Judges to review all corruption cases received from the COI and to submit them for prosecution if the evidence so warrants. Faroon reported that the provincial courts received 50 corruption cases in 2009; he professed ignorance as to the number of convictions, but noted one case in which a policeman was sentenced to seven years in prison for bribery. The judge asserted that the extent of corrupt practices was considerably greater in Najaf during the 2003-2007 period, compared to the present, but added that much work remains to be done to end abuses in the Najaf RERO.

¶20. (C) Muhsin Al Rubaai, Director General of the Najaf RERO, told the delegation that he assumed his position recently and that Baghdad had tasked him with cleaning up the office's operation following allegations of corruption. The DG acknowledged that RERO's administration and archives are very corrupted. Since his arrival he has made several changes to tighten the process including requiring original title of the property and two forms of identification for clients. Rubaai spoke of a plan to replace the current offices with open "bullpen-style" work spaces to facilitate monitoring of employees' actions and hence reduce opportunities for bribery and other forms of corruption. Al Rubaai was very receptive to the ROL representative's project to create an electronic archive system for land records; however, it was noted that building upgrades or new facility would be required prior to initiating this program. (COMMENT: The RERO complex consisted of several dilapidated buildings, each with a warren of offices that prevented effective supervisory oversight. Automation of the offices was virtually non-existent, and documents are yellowing old paper files. END COMMENT)

LOCAL COUNCILS RAIL AGAINST CORRUPTION IN NAJAF

¶21. (C) In a remarkably candid meeting, ten councilmen from Najaf district and sub-district councils, s engaged in a frank exchange with ACCO and delegation. The Kufa district councilman Hussein Abdul Ameer, a moderate Sadrist Trend representative, stated that corruption is widespread and cited various reasons, including lack of effective government oversight procedures, hesitancy of anti-corruption officials to pursue cases due to security concerns, and limited economic development due in part to lack of private investment, foreign and domestic. Jasim Hassan Khadum of Al Hira district stressed the need to boost the capacity of anti-corruption institutions, by, interaction, and providing training for anti-corruption officials. Taha Radi Ahmed of Al Hayidira district opined that corruption is less at the local level than the provincial or at the central government level and that GOI institutions are focused more on serving the political parties than on developing a functioning technocracy. He went on to say that the inability of many officials to find a job after their appointments end fosters an environment where officials are prone to "make hay while the sun is shining," e.g. taking all the bribes possible while in serving in office. The representatives called for fewer appointments below the DG level. Muhammad Ayed from Al Qfewer appointments below the DG level. Muhammad Ayed from Al Manathera concluded the discussion by highlighting the need for devolution of greater authority to sub-provincial government institutions so as to enable them to assume a greater role in such areas as combating corruption.

COMMENT

¶22. (C) As elsewhere in Iraq, Najaf's provincial authorities

have a ways to go in establishing a strong, effective anti-corruption regime, but our interlocutors' recognition of the need for redoubled efforts in this regards was encouraging. We have no basis for assessing the claim by some Najaf officials that the level of corruption in the province is less than in other areas of the country; we are not aware of any concrete evidence on this score. However, the argument that the pervasive religious influence in Najaf, due to its status as the "Vatican" of Shi'a Islam, serves to promote upright behavior) including resistance to corrupt practices) may have some validity. A highlight of the visit was the discussion with the district council officials, who impressed us with their concern, as grassroots-level politicians, to rein in corruption. Another highlight was our interlocutors' keen support for the ROL officer's project

to upgrade provincial RERO offices; our visit to the Najaf RERO made clear the need for such a project, when the infrastructure at the RERO complex is improved in order to permit the automated system envisioned under the project to operate.

HILL